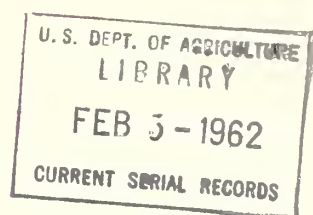


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Schubert



Prospects for Foreign Trade in

**FRUITS, VEGETABLES,
TREE NUTS**

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
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CONTENTS

	Page
Summary	1
The present situation:	
Citrus fruit:	
Fresh citrus.....	2
Processed citrus.....	4
Deciduous fruit:	
Fresh fruit.....	4
Canned fruit.....	7
Dried fruit.....	9
Tree nuts.....	14
Vegetables	16
Factors affecting marketing outlook.....	17
Developments in building world markets:	
Lessening trade barriers.....	18
Sales for foreign currencies.....	20
Promotional activities.....	20
Special problems.....	22
Competition studies	23

PROSPECTS FOR FOREIGN TRADE IN FRUITS, VEGETABLES, AND TREE NUTS

SUMMARY

The United States production of fruit of all kinds for the 1960-61 marketing season is about 5 percent below that of last year. For the most part, U. S. fruit prices this season are higher, and export availabilities not as large as last year. Foreign competitive supplies of citrus fruits, dried fruits, and tree nuts in 1960-61 appear to be slightly smaller than in 1959-60, while competitive supplies of fresh and canned deciduous fruits are heavier. Demand conditions in Western Europe remain excellent, although not much additional progress has been made in removing barriers to trade in fruit commodities. The reduction in U. S. fruit availabilities and continuation of some trade restrictions will result in smaller total U. S. fruit exports in 1960-61 than last season. In the case of vegetables, total exports to Canada should exceed those of 1959-60 if there is no damage to the U. S. winter vegetable crop. Similarly, imports into the United States are expected to be smaller this year than last.

Mediterranean orange production in 1960-61 is expected to be slightly less than last season, in view of smaller crops in prospect in Spain and Italy. This year's winter lemon crop in Italy is expected to be somewhat smaller, although the summer crop will be larger. The relatively favorable prices for fresh and processed oranges and grapefruit prevailing in the United States will tend to inhibit offshore exports in 1960-61.

Western European crops of apples and pears for the 1960-61 marketing season are substantially larger than last year, while the U. S. crops are smaller. Most Western European countries this season are not permitting imports of these fruits from North America until very late in the season, in order to protect prices for home producers. Thus, both economic conditions and quantitative restrictions indicate smaller exports of U. S. fresh apples and pears in 1960-61 than last season.

World production and trade of canned deciduous fruits were at record levels in 1959-60. The U. S. canned fruit supplies in 1960-61 are at about the same levels as in 1959-60, and exports are expected to approximate those of last season despite heavier foreign supplies and increased ocean freight rates. The United Kingdom increased its import quota from the dollar area by about one-third.

World supplies of raisins and prunes this marketing season are much smaller than in 1959-60. Prices in world markets are relatively high. Exports of both U. S. raisins and prunes are meeting favorable foreign demand, although since the 1960 California prune crop is small, U. S. prune exports probably will not exceed the relatively small quantities of last year. U. S. dried apricot exports will be larger than in recent years, with a large U. S. pack and smaller foreign competition.

World supplies of almonds and filberts in 1960-61 will be much smaller than last season, although world supplies of walnuts will be larger. With relatively high world prices, imports of almonds and filberts into the United States are expected to be smaller than in 1959-60. In the case of walnuts, the 1960-61 U. S. available supplies are smaller than last season and U. S. prices relatively more favorable than world price levels, so larger U. S. imports of walnut kernels are expected this season than last.

Although exports of vegetables to Canada this season are expected to be larger than last year if the U. S. winter vegetable supplies continue to be abundant, U. S. potato exports to Canada will be smaller in 1960-61 than last year in view of the large Canadian potato crop this season. Winter vegetable imports into the United States this season are expected to be smaller than last year; abundant supplies of winter vegetables are available in the Gulf Coast States.

Despite continuing improvement in the financial status of industrial countries of Western Europe and Japan, progress toward removal of barriers to trade in horticultural products was slow in 1960. Only in the Netherlands, which liberalized imports of fresh apples and pears, was any significant progress made. Significant quantitative restrictions to trade remain--especially for trade in fresh apples and pears, canned fruits, and citrus juices. These remaining restrictions, under current conditions, suggest the need for a more effective approach toward removal of barriers abroad.

The development of the Common Market promises increasing problems to exporters of U. S. horticultural items. The EEC tariff structure, when the transition period is completed on January 1, 1967 (according to present schedules), will provide duty-free access to the major markets in the Common Market countries for producers of fruits within these countries, while exports from outside these countries will encounter the common external tariff. This will significantly affect the competitive position of the United States and other exporters to the Common Market, even more so if Greece and Turkey--important fruit and nut competitors--are admitted to the EEC. Steps are being initiated to develop standards of packaging and quality to govern trade within the EEC.

Greater emphasis is being placed upon the development of food health regulations--governing the use of chemicals on fruit commodities--in many foreign countries. There is a tendency on the part of many countries to limit the use of chemicals on fruits and other foods. These are used on fruits to maintain quality during storage and transit; and often are used to a greater extent in distant producing areas than in those nearby. There is some indication that some of these food health regulations are being used as economic barriers.

Increasing emphasis is being placed upon improved merchandising and promotion activities by foreign fruit industries. Those countries from which fruit is exported through central marketing boards, or under governmental regulations, have been particularly active in this field.

THE PRESENT SITUATION

Citrus Fruit

Fresh Citrus

Both the Mediterranean and Southern Hemisphere producing areas continued their expansions with record supplies of oranges during the 1959-60 marketing season. U. S. exports to the Western European markets continued to encounter heavy competition.

The 1959-60 U. S. orange and grapefruit crops were smaller than those of the preceding season, and exports of U. S. fresh oranges and grapefruit to Western European markets were relatively light. On the other hand, the California lemon crop was large, and exports of fresh U. S. lemons to Western Europe were nearly one-fifth larger than during the previous season.

For the most part, Western European markets have removed the quantitative restrictions on imports of fresh citrus fruit from the United States. The most important restriction remaining in Western Europe is the prohibition of imports into the United Kingdom of fresh grapefruit from the dollar area during the period October 1 through March 31. This prohibition has been continued for several years as a device to protect British West Indies grapefruit producers. Negotiations with the British Government have been continued in an endeavor to eliminate this discrimination against U. S. winter grapefruit exporters.

Exporters of fresh citrus fruits from the United States have been encountering increasing difficulties from food health regulations established in some Western European countries. Some of these countries have adopted tolerances for chemicals lower than

TABLE 1.--Citrus fruits: Production in principal producing areas, 1953-60

Commodity and crop year	United States	Mediterranean	Southern Hemisphere	Other	World total
Oranges and tangerines:	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>
1953.....	131	104	42	35	312
1954.....	136	111	44	44	335
1955.....	137	114	46	43	340
1956.....	137	92	52	49	330
1957.....	111	122	55	52	340
1958.....	134	131	61	54	380
1959.....	130	137	63	55	385
1960.....	126	134	---	---	---
Grapefruit:					
1953.....	48	2	1	2	53
1954.....	42	2	1	2	47
1955.....	45	2	1	2	50
1956.....	45	2	1	2	50
1957.....	40	2	1	2	45
1958.....	44	3	2	1	50
1959.....	42	3	2	1	48
1960.....	42	3	---	---	---
Lemons:					
1953.....	16	14	3	---	33
1954.....	14	14	4	---	32
1955.....	13	14	4	---	31
1956.....	16	15	4	---	35
1957.....	17	17	4	---	38
1958.....	17	19	5	---	41
1959.....	18	17	5	---	40
1960.....	15	17	---	---	---

TABLE 2.--Fresh citrus fruit: U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-59

Crop year	U.S. share of world--		Percent of U.S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	50	16	12.3	4.1	7.5	0.7
1954.....	47	17	12.7	4.7	7.1	.9
1955.....	47	20	15.0	6.8	7.2	1.0
1956.....	48	19	14.9	6.6	7.3	1.0
1957.....	40	13	13.8	5.8	7.2	.8
1958.....	42	13	13.3	4.5	7.5	1.3
1959.....	40	11	12.5	3.7	7.2	1.6

TABLE 3.--Fresh citrus fruit: Exports to Europe from principal supplier, crop seasons 1955-59

Commodity and origin	1955	1956	1957	1958	1959
Oranges and tangerines:	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>
United States.....	4.3	3.8	1.2	1.7	0.8
Mediterranean area.....	49.3	42.5	54.7	55.3	64.3
Southern Hemisphere.....	6.3	7.5	8.7	8.4	9.4
Grapefruit:					
United States.....	0.6	0.6	0.5	0.6	0.5
Mediterranean.....	1.7	1.8	1.7	2.0	2.3
Southern Hemisphere.....	.4	.5	.5	.6	.6
Lemons:					
United States.....	1.3	1.5	2.6	1.4	1.8
Mediterranean area.....	6.5	7.9	6.4	9.6	9.2
Southern Hemisphere.....	1.9	1.2	1.7	1.5	2.4

those approved by the U. S. Food and Drug Administration; and some have not accepted chemical additives sanctioned in the United States. Also, West Germany has adopted labeling regulations which discourage the use of chemicals on fruits. These have tended to benefit the citrus fruit shipped from nearby Mediterranean countries at the expense of shipments from more distant areas which are required to utilize chemicals to preserve the keeping quality of the fruit during longer transit.

Processed Citrus

Although U. S. supplies of orange and grapefruit products were relatively small and prices high, exports of single-strength and concentrated orange juices increased significantly in 1959-60 over those of the previous season. Exports of lemon juice and essential oils increased to new record levels.

The small quotas established by the United Kingdom on imports of processed citrus products from the United States continue to inhibit the development of that market. The relatively favorable prices in the United States have tended to retard exports of processed orange products in recent years.

Outlook.--Despite the upward trend in Mediterranean citrus production the 1960-61 orange crops in Italy and Spain will be smaller than last year because of weather conditions. Also, the forthcoming Italian winter lemon crop is down from last year although the summer, or Verdelli, lemons are expected to be much heavier than in 1959-60. In view of the high prices prevailing in the United States, the outlook for exports--despite slightly reduced competitive supplies--is not promising. U. S. winter lemon exports should be larger than last year although exports of U. S. summer lemons probably will not be as heavy in 1960.

The maintenance of favorable prices for citrus products in the United States is not conducive to expansion of exports. In fact, increasing investment in citrus processing in foreign countries, especially in the British West Indies and South Africa, has been going on.

Deciduous Fruit

Fresh Fruit

Apple and pear production in the 1959-60 season in all areas of the world was below the record levels of the previous season, despite some small gains in a few individual

countries, notably Italy. The Northern Hemisphere, for example, produced about 450 million bushels of apples compared to 570 million the previous year and pear production decreased 30 million bushels to 125 million.

With smaller domestic crops, most European countries allowed freer imports; and U. S. shipments to foreign markets were up substantially, with the major gains registered to European destinations. U. S. exports during the 1959-60 season totaled 3.9 million boxes of apples and 1.6 million boxes of pears compared to 2.5 million and 1.0 million boxes, respectively, in 1958-59. Apple shipments to Europe leaped from 800,000 boxes to 2 million and pears from 300,000 to about 800,000 boxes in the same period.

TABLE 4.--Table apples and pears: Production in principal producing areas, 1953-60

Commodity and crop year	United States	Foreign countries					World total
		Western Europe		Other Northern Hemisphere	Southern Hemisphere	Total	
		Market countries ¹	Other				
Apples:	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>
1953.....	95	162	65	43	27	297	392
1954.....	112	197	65	46	32	340	452
1955.....	107	126	84	46	29	285	392
1956.....	101	198	94	60	35	387	488
1957.....	118	79	71	63	33	246	364
1958.....	127	263	115	67	40	485	612
1959.....	122	141	117	68	40	368	488
1960.....	106	248	111	---	---	---	---
Pears:							
1953.....	28	60	28	12	8	108	136
1954.....	30	55	23	12	11	101	131
1955.....	30	56	27	12	10	105	135
1956.....	32	46	28	15	11	100	132
1957.....	32	21	26	14	12	73	105
1958.....	29	78	33	16	11	138	167
1959.....	30	41	36	17	12	106	136
1960.....	26	70	37	---	---	---	---

¹ Austria, Belgium, France, Germany, Ireland, Netherlands, Norway, Sweden, Switzerland, and United Kingdom.

TABLE 5.--Fresh deciduous fruit: U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-59

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	26	9	3.7	0.3	2.2	1.2
1954.....	27	10	4.2	.5	2.6	1.1
1955.....	27	9	5.1	.9	2.9	1.3
1956.....	26	10	5.2	.7	3.4	1.1
1957.....	31	15	7.5	3.1	3.2	1.2
1958.....	23	10	5.1	.9	3.0	1.2
1959.....	26	10	7.0	2.0	2.7	1.3

TABLE 6.--Fresh apples and pears: Exports to Western Europe, by major supplying area, average 1949-53, annual 1955-59¹

Commodity and origin	Average 1949-53	1955	1956	1957	1958	1959
	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>
Apples:						
United States.....	0.9	0.8	0.4	3.4	0.8	2.0
Canada.....	1.1	.9	.6	1.9	1.0	1.3
Europe.....	13.0	23.9	21.6	20.6	19.1	37.7
Southern Hemisphere.....	4.1	7.9	8.2	10.7	11.2	11.5
Pears:						
United States.....	.1	.3	.4	.9	.3	.8
Europe.....	4.6	5.8	5.2	3.6	5.7	7.5
Southern Hemisphere.....	1.5	2.4	2.9	3.3	3.0	3.1

¹ Year beginning July 1.

TABLE 7.--Table grapes: U. S. share of world production¹ and trade, and percent of U. S. sales exported, by principal destination, 1953-59

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	19	18	9.4	---	7.1	2.3
1954.....	18	18	10.6	.1	8.0	2.5
1955.....	18	20	12.2	.6	8.8	2.8
1956.....	17	19	13.4	.9	9.9	2.6
1957.....	17	22	14.9	.9	11.1	2.9
1958.....	15	18	15.6	.9	11.7	3.0
1959.....	16	16	17.1	1.0	13.3	2.8

¹ Grapes consumed fresh.

The past 2 years have shown that there is a place on the European market for U. S. fruit despite the heavy increase in production in Europe and despite the fact that U. S. price levels have not been low. When the United Kingdom combined its European and dollar area quotas allowing North America to compete, the United States was able to increase its shipments to the United Kingdom materially. The amount of the increase was about matched by the decrease in European sales to the United Kingdom.

The major factor affecting U. S. exports to European markets is, of course, the level of domestic production in the European countries. But in recent years it has not been the big European supplies, as such, which have been the major limiting factor in the expansion of U. S. sales. It has been the import restrictions maintained to protect prices to European growers and handlers. As European governments further relax these restrictions, U. S. sales will increase even though present high production rates continue in Europe.

Exports of fresh table grapes from the United States increased again in 1959-60, continuing the gradual expansion of this market. Canada, as usual, took the bulk of these

shipments, and Venezuela was the second most important export market. Sales to the United Kingdom increased materially; the United Kingdom displaced Mexico as the third most important market for U. S. table grape exports.

Outlook.--The 1960-61 production of table apples and pears in Western Europe is again at very high levels but not as large as the record levels of 1958-59. The increase is largely in the so-called market countries, principally in the United Kingdom, West Germany, France, Switzerland, and Scandinavia. Exporting countries, such as Italy, have crops about equal to last year.

Opening dates for imports will be established late this season in European countries, particularly for apples, because of this high domestic production. By the time most European countries open for apples, the Southern Hemisphere countries will have started volume movement, and competition in European markets will be at its peak. Thus, with the single exception of the United Kingdom which controls imports under a quota and licensing system where sales will probably be at or near last year's level, U. S. apple exports will be down sharply to European markets compared to 1959-60 volume.

Pears are facing somewhat similar situations in most importing countries but the outlook is a little better. Sweden, for example, has opened for imports only slightly later than last year, and most other countries are expected to open well in advance of the date planned for apples. Thus, while pear exports to Europe will undoubtedly be reduced from last year's level, they probably will not be affected to the same extent as will apples.

In the case of both apples and pears, an extremely wet summer in Europe has reduced the keeping quality of the fruit. Importing countries may find it expedient to open for imports in advance of the dates now indicated. However, since the opening dates, in most cases, are not expected to be announced until just before the start of the Southern Hemisphere season, opportunities for marketing U. S. fruit will be sharply curtailed.

The only significant step toward trade freedom in deciduous fruit in Western Europe during the past year was the liberalization of imports of apples and pears by the Netherlands. This is of interest in view of the fact that it goes beyond the requirements of the Netherlands as a market. Much fruit shipped initially to the Netherlands is later trans-shipped to other European countries. The removal of Netherlands restrictions will allow a fuller participation in this business by the dollar area. Italy liberalized imports of fresh apples and pears late in 1960; but Italy, being the major commercial European producer of these items, is not a significant market.

Canned Fruit

The 1959-60 pack of canned deciduous fruit in the United States was up sharply from the relatively light pack of the preceding season. Prices of most U. S. canned deciduous fruits were considerably below their levels of the preceding year and more competitive with foreign packs.

Last season's world packs of, and world trade in, canned deciduous fruits were at new record levels. Despite larger packs from the principal competitive areas in Australia and South Africa, the U. S. share of the world trade was the largest in recent years.

In Western Europe, imports also increased although production has been going up steadily. As the standard of living continues to rise in Western Europe, more attention is being directed toward convenience foods.

Outlook.--This season's packs of canned deciduous fruit in the United States were maintained at about the same levels as in the preceding season. U. S. canned fruit prices have been maintained at about the same or slightly lower levels than last year.

TABLE 8.--Canned deciduous fruit: Production, by area, 1954-59 seasons

Area	1954	1955	1956	1957	1958	1959
	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹
United States.....	57.7	65.8	71.1	65.2	64.1	77.6
Canada.....	3.3	3.8	2.8	3.3	3.1	2.8
Europe.....	7.2	7.3	9.2	7.1	9.8	10.4
Australia and South Africa..	7.5	7.7	7.5	9.8	7.8	9.5
Other countries.....	1.5	1.8	2.7	4.5	3.9	3.9
Total.....	77.2	86.4	93.3	89.9	88.7	104.2

¹ Equivalent 24 No. 2 1/2 cans.

TABLE 9.--Canned deciduous fruit: U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-59

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	82	24	4.0	1.6	1.3	1.1
1954.....	75	29	4.3	1.5	1.7	1.1
1955.....	76	35	5.5	3.0	1.3	1.2
1956.....	76	41	6.6	3.5	1.8	1.3
1957.....	73	39	8.0	4.6	2.1	1.3
1958.....	72	35	6.5	3.8	1.6	1.1
1959.....	75	42	7.7	5.0	1.8	.9

TABLE 10.--Canned pineapple: Production, by area, 1954-59

Area	1954	1955	1956	1957	1958	1959
	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹	<i>Mil. cases</i> ¹
Hawaii ²	13.1	14.7	14.6	13.5	14.2	14.2
Malaya.....	1.3	1.4	1.7	2.1	1.9	1.4
Others.....	3.9	4.2	4.8	5.3	6.6	5.5
Total.....	18.3	20.3	21.1	20.9	22.7	21.1

¹ Equivalent 24 No. 2 1/2 cans. ² Includes Philippines.

Despite increased Southern Hemisphere packs in the summer of 1960, exports of U. S. canned deciduous fruit are expected to equal and possibly exceed the 1959-60 volumes.

The United Kingdom announced in May that its 1960-61 quota for imports of canned deciduous fruits from the dollar area would amount to 4.2 million pounds sterling c.i.f., which was nearly one-third larger than the 1959-60 quota. The West German tenders for

TABLE 11.--Canned fruit: Imports, by area, 1955-59

Commodity and area	1955	1956	1957	1958	1959
	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>
Deciduous:					
Europe.....	8.7	9.1	11.0	12.1	13.7
Canada.....	1.0	1.6	1.6	1.3	1.8
U. S.....	.1	.1	.1	.1	.1
Other.....	.2	.3	.3	.2	.2
Total.....	10.0	11.1	13.0	13.7	15.8
Pineapple:					
Europe.....	4.7	5.2	6.2	7.2	6.6
Canada.....	.7	.7	.9	1.0	.7
Other.....	.2	.4	.4	.6	.9
Total.....	5.6	6.3	7.5	8.8	8.2
Total:					
Europe.....	13.4	14.3	17.2	19.3	20.3
Canada.....	1.7	2.3	2.5	2.3	2.5
U. S.....	.1	.1	.1	.1	.1
Other.....	.4	.7	.7	.8	1.1
Total.....	15.6	17.4	20.5	22.5	24.0

¹ Equivalent 24 No. 2 1/2 cans.

imports of canned deciduous fruits are expected to equal or exceed their 1959-60 values. In addition, Denmark has liberalized imports of certain of the canned fruit items and established quotas for canned fruit cocktail.

Dried Fruit

World production of raisins in 1959-60 was much larger than the abnormally small output of 1958-59. The 1960-61 pack, however, is even smaller than the 1958-59 production. These fluctuations have been entirely due, directly or indirectly, to weather.

World raisin production in 1959-60 totaled 570,000 short tons, or 15 percent above the average of 490,000 tons. The three major producing areas--the Mediterranean, California, and Southern Dominions (Australia and Union of South Africa)--all had larger-than-average crops.

Raisin prices in the 1959-60 season were materially lower than in 1958-59, when they were exceptionally high due to the shortage in supplies. Not only did prices open lower in 1959-60 but they moved steadily downward until shortly before the end of the season when it became apparent that the oncoming 1960 pack would be short. U. S. export prices, which were far above competitors' prices in 1958-59, declined to nearly competitive levels early in 1959-60; as the season progressed they became very competitive due to further reductions, and concluded on a rising note in response to strong foreign demand.

World trade in raisins in 1959-60 was unusually active following 2 years of below-normal supplies. It was a particularly good year for foreign exporters: their shipments totaled roundly 260,000 tons, probably the largest ever recorded. Although U. S. exports, at 44,500 tons, were nearly double the abnormally small 23,200-ton volume of 1958-59, they were well below the level of seasons prior to 1957-58.



Raisin packinghouse and drying yard in Iran, one of the world's important exporters. Above, girls sort raisins in a modernized packinghouse at Rhazwin. At right, a drying yard of "plastered" clay at Rezaiyeh, such as is commonly used throughout the country.



The 1959-60 world prune pack of 233,500 tons was the largest since 1946. Although the U. S. pack of 144,000 tons was below average, the foreign pack of 89,500 tons was a bumper one, nearly double an average crop. The 1960-61 world pack, however, is much smaller than the 1959-60 pack and is about one-fifth smaller than average, reflecting short prune crops abroad and in California.

Prune prices in 1959-60 were moderately lower, as a result of the increased supply, than in 1958-59. U. S. and foreign prune prices declined; but U. S. prune prices continued to be higher than those of most foreign competitors, although materially lower than French prices. Despite the price differential, U. S. prunes moved readily into foreign

TABLE 12.--Raisins and dried prunes: Production, by area, in 1953-60

Commodity and crop year	United States	Mediterranean	Southern Hemisphere	World total
	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>
Raisins:				
1953.....	233	209	109	551
1954.....	168	192	103	463
1955.....	225	183	95	503
1956.....	200	253	69	522
1957.....	163	222	82	467
1958.....	186	207	94	487
1959.....	222	258	90	570
1960.....	205	200	72	477
Dried prunes:				
1953.....	148	60	16	224
1954.....	178	17	12	207
1955.....	135	36	18	189
1956.....	196	8	18	222
1957.....	168	28	16	212
1958.....	97	27	20	144
1959.....	144	72	18	234
1960.....	138	7	20	165

TABLE 13.--Dried fruit:¹ U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-59

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	45	24	26.0	18.7	4.3	3.0
1954.....	46	19	22.7	14.5	4.8	3.4
1955.....	48	28	30.9	23.1	4.2	3.6
1956.....	47	26	29.3	21.7	4.4	3.2
1957.....	43	22	29.6	21.4	4.9	3.3
1958.....	39	13	19.5	12.9	3.8	2.8
1959.....	40	19	22.2	15.5	3.8	2.9

¹ Apples, apricots, peaches, pears, prunes, and raisins.

channels; foreign buyers were apparently willing, as usual, to pay a premium for the quality of U. S. fruit.

International trade in prunes in 1959-60 was heavier than usual. Over 75,000 tons were exported by the leading producing countries. This was a substantial increase over the 58,000 tons exported in 1958-59 when world production was low. Though U. S. exports increased to 40,700 tons, they would have been greater but for the limited availability of U. S. prunes. Yugoslav exports were increasingly important, totaling 25,207 tons.

World dried apricot production in 1959-60 was the heaviest in many years primarily because of large packs in Iran and Australia. While foreign production has been gradually

EXPORT MARKETS FOR UNITED STATES FRUIT AND NUTS

Average 1957-59 value of U.S. exports

Destination	Citrus						
	Fresh			Citrus juices	Fresh		
	Oranges	Grape- fruit	Lemons		Apples	Pears	Grapes
Belgium-Lux.....	3.04	0.43	1.25	0.43	0.50	0.17	---
France.....	.60	.05	.04	.09	(*)	.13	(*)
Germany, W.....	.85	.61	3.25	3.43	.67	.21	---
Italy.....	---	---	---	.04	---	---	---
Netherlands.....	4.05	.89	2.25	.87	1.41	.42	(*)
Austria.....	---	---	---	.02	---	---	---
Denmark.....	.14	.02	.05	.04	---	---	---
Norway.....	.74	.06	.18	.08	.41	.20	---
Sweden.....	.54	.15	.23	.85	.72	.88	---
Switzerland.....	.46	.21	.81	.36	.05	.03	---
United Kingdom.....	.09	.23	.70	1.89	2.06	.71	---
Finland.....	---	(*)	.02	.02	.12	.01	---
Ireland.....	.07	.01	.02	.05	.09	.07	---
Costa Rica.....	(*)	---	(*)	(*)	.05	.01	---
El Salvador.....	---	---	---	---	.03	---	---
Guatemala.....	---	---	---	.01	.01	(*)	---
Honduras.....	---	---	---	---	.05	(*)	---
Nicaragua.....	---	---	---	(*)	.02	(*)	---
Cuba.....	---	---	---	.02	.86	.23	---
Dom. Republic.....	(*)	(*)	---	(*)	.08	.02	---
Haiti.....	---	---	---	(*)	.01	---	---
Mexico.....	.36	(*)	.08	.10	.41	.06	---
Panama Rep.....	.01	(*)	(*)	.03	.15	.04	---
Brazil.....	---	---	(*)	---	(*)	.03	---
Colombia.....	(*)	---	---	(*)	(*)	(*)	(*)
Ecuador.....	---	---	---	(*)	(*)	---	---
Peru.....	---	---	---	.02	.03	.02	(*)
Venezuela.....	.01	---	---	.28	1.44	.83	1.10
Hong Kong.....	1.82	.01	.12	.08	.10	.01	---
Japan.....	.04	.01	.64	.04	---	---	(*)
Malaya & Sing.....	.60	.02	.01	.15	.09	.01	---
New Zealand.....	.20	---	.03	---	---	---	---
Philippines.....	.30	(*)	---	.01	.06	(*)	---
Canada.....	24.36	5.41	2.42	20.10	2.77	2.19	10.00
Other countries.....	.52	.02	.06	1.14	.52	.07	---
All countries.....	38.80	8.13	12.16	30.15	12.71	6.35	15.00

¹ The figures in **BOLD FACE** signify imports liberalized or with minor restrictions or without significant restrictions to trade on January 1, 1961.

* Signifies less than \$10,000.

--- Signifies none.

COMMODITIES - SEGREGATED BY TRADE RESTRICTIONS¹

. exports in million dollars

Deciduous						Canned pine- apple	Other fruits and preparations	Nuts and prepa- rations	Total fruits, nuts, and preparations
es	Canned			Dried					
	Peaches	Cock- tail	Pears	Prunes	Raisins				
	0.99	1.20	0.07	0.79	0.37	1.58	1.28	0.23	12.33
	.01	.02	.01	1.45	.02	.07	.07	.36	2.92
2	3.96	.42	.03	1.41	.41	4.93	3.80	1.31	25.31
	.01	.08	(*)	.37	---	.13	.05	.07	.75
	.85	.61	.02	.82	.45	1.36	1.30	.65	15.95
	.04	.01	(*)	.03	.01	.12	.05	.01	.29
	.08	.04	.02	.98	1.03	.12	.21	.06	2.79
8	.40	.19	.01	.76	.46	.32	.23	.28	4.60
8	1.09	.60	.11	1.12	1.39	1.01	1.60	.56	11.33
	.29	.45	.03	.50	.32	.95	.64	1.14	6.24
8	2.83	.97	.14	3.49	1.57	.18	1.62	.15	17.11
	.01	.01	.01	.78	.01	.02	.23	.06	1.30
2	.18	.24	.15	.13	.54	.07	.15	.08	1.87
3	.01	.02	(*)	.01	.02	---	.09	.03	.27
3	.01	.05	(*)	.02	.02	(*)	.13	.01	.30
1	.01	.01	(*)	.03	.04	(*)	.19	.05	.36
4	.01	.02	.01	.01	.02	---	.07	---	.23
1	(*)	.01	(*)	.01	.01	(*)	.08	(*)	.14
7	.81	.72	.56	.14	.17	.01	3.07	.37	7.43
8	.01	.02	.01	.03	.05	(*)	.23	.18	.71
1	(*)	.01	(*)	.01	.01	(*)	.06	(*)	.11
8	.01	.01	.01	.19	.43	.01	.87	.36	3.18
9	.05	.10	.01	.04	.07	.01	.85	.16	1.61
2	(*)	(*)	(*)	(*)	.02	---	.03	(*)	.10
	(*)	(*)	(*)	(*)	.03	(*)	.12	.01	.16
1	.02	.01	(*)	.01	.05	(*)	.09	.02	.21
	.12	.05	.02	.05	.15	.02	.17	.06	.71
9	.42	.75	.07	.31	.34	.03	4.44	.80	11.41
2	.04	.07	.02	.05	.13	.03	.18	.03	2.91
	.02	.02	(*)	.04	.10	.01	.14	.79	1.85
2	.04	.06	.02	.07	.18	(*)	.10	.03	1.50
3	(*)	---	---	.37	.14	---	.05	(*)	.82
3	.12	.15	.01	.07	.25	(*)	.16	.03	1.39
3	2.35	5.51	.56	2.55	3.24	3.35	21.04	6.00	112.28
9	.36	.49	.18	.41	.23	.20	2.49	.62	7.70
7	15.15	12.92	2.08	17.05	12.28	14.53	45.88	14.51	258.17

on January 1, 1961. The figures in light face signify imports encountering signifi-

EXPORT MARKETS FOR UNITED STATES FRUIT AND NUT COMMODITIES - SEGREGATED BY TRADE RESTRICTIONS¹

Average 1957-59 value of U.S. exports in million dollars

Destination	Citrus				Deciduous								Canned pine- apple	Other fruits and preparations	Nuts and prepa- rations	Total fruits, nuts, and preparations
	Fresh			Citrus juices	Fresh			Canned			Dried					
	Oranges	Grape- fruit	Lemons		Apples	Pears	Grapes	Peaches	Cock- tail	Pears	Prunes	Raisins				
Belgium-Lux.....	3.04	0.43	1.25	0.43	0.50	0.17	---	0.99	1.20	0.07	0.79	0.37	1.58	1.28	0.23	12.33
France.....	.60	.05	.04	.09	(*)	.13	(*)	.01	.02	.01	1.45	.02	.07	.07	.36	2.92
Germany, W.....	.85	.61	3.25	3.43	.67	.21	1.02	3.96	.42	.03	1.41	.41	4.93	3.80	1.31	25.31
Italy.....	---	---	---	.04	---	---	---	.01	.08	(*)	.37	---	.13	.05	.07	.75
Netherlands.....	4.05	.89	2.25	.87	1.41	.42	(*)	.85	.61	.02	.82	.45	1.36	1.30	.65	15.95
Austria.....	---	---	---	.02	---	---	---	.04	.01	(*)	.03	.01	.12	.05	.01	.29
Denmark.....	.14	.02	.05	.04	---	---	---	.08	.04	.02	.98	1.03	.12	.21	.06	2.79
Norway.....	.74	.06	.18	.08	.41	.20	.28	.40	.19	.01	.76	.46	.32	.23	.28	4.60
Sweden.....	.54	.15	.23	.85	.72	.88	.48	1.09	.60	.11	1.12	1.39	1.01	1.60	.56	11.33
Switzerland.....	.46	.21	.81	.36	.05	.03	---	.29	.45	.03	.50	.32	.95	.64	1.14	6.24
United Kingdom.....	.09	.23	.70	1.89	2.06	.71	.48	2.83	.97	.14	3.49	1.57	.18	1.62	.15	17.11
Finland.....	---	(*)	.02	.02	.12	.01	---	.01	.01	.01	.78	.01	.02	.23	.06	1.30
Ireland.....	.07	.01	.02	.05	.09	.07	.02	.18	.24	.15	.13	.54	.07	.15	.08	1.87
Costa Rica.....	(*)	---	(*)	(*)	.05	.01	.03	.01	.02	(*)	.01	.02	---	.09	.03	.27
El Salvador.....	---	---	---	---	.03	---	.03	.01	.05	(*)	.02	.02	(*)	.13	.01	.30
Guatemala.....	---	---	---	.01	.01	(*)	.01	.01	.01	(*)	.03	.04	(*)	.19	.05	.36
Honduras.....	---	---	---	---	.05	(*)	.04	.01	.02	.01	.01	.02	---	.07	---	.23
Nicaragua.....	---	---	---	(*)	.02	(*)	.01	(*)	.01	(*)	.01	.01	(*)	.08	(*)	.14
Cuba.....	---	---	---	.02	.86	.23	.47	.81	.72	.56	.14	.17	.01	3.07	.37	7.43
Dom. Republic.....	(*)	(*)	---	(*)	.08	.02	.08	.01	.02	.01	.03	.05	(*)	.23	.18	.71
Haiti.....	---	---	---	(*)	.01	---	.01	(*)	.01	(*)	.01	.01	(*)	.06	(*)	.11
Mexico.....	.36	(*)	.08	.10	.41	.06	.28	.01	.01	.01	.19	.43	.01	.87	.36	3.18
Panama Rep.....	.01	(*)	(*)	.03	.15	.04	.09	.05	.10	.01	.04	.07	.01	.85	.16	1.61
Brazil.....	---	---	(*)	---	(*)	.03	.02	(*)	(*)	(*)	(*)	.02	---	.03	(*)	.10
Colombia.....	(*)	---	---	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	.03	(*)	.12	.01	.16
Ecuador.....	---	---	---	(*)	(*)	---	.01	.02	.01	(*)	.01	.05	(*)	.09	.02	.21
Peru.....	---	---	---	.02	.03	.02	(*)	.12	.05	.02	.05	.15	.02	.17	.06	.71
Venezuela.....	.01	---	---	.28	1.44	.83	1.69	.42	.75	.07	.31	.34	.03	4.44	.80	11.41
Hong Kong.....	1.82	.01	.12	.08	.10	.01	.22	.04	.07	.02	.05	.13	.03	.18	.03	2.91
Japan.....	.04	.01	.64	.04	---	---	(*)	.02	.02	(*)	.04	.10	.01	.14	.79	1.85
Malaya & Sing.....	.60	.02	.01	.15	.09	.01	1.12	.04	.06	.02	.07	.18	(*)	.10	.03	1.50
New Zealand.....	.20	---	.03	---	---	---	1.03	(*)	---	---	.37	.14	---	.05	(*)	.82
Philippines.....	.30	(*)	---	.01	.06	(*)	.23	.12	.15	.01	.07	.25	(*)	.16	.03	1.39
Canada.....	24.36	5.41	2.42	20.10	2.77	2.19	10.43	2.35	5.51	.56	2.55	3.24	3.35	21.04	6.00	112.28
Other countries.....	.52	.02	.06	1.14	.52	.07	.39	.36	.49	.18	.41	.23	.20	2.49	.62	7.70
All countries.....	38.80	8.13	12.16	30.15	12.71	6.35	15.47	15.15	12.92	2.08	17.05	12.28	14.53	45.88	14.51	258.17

¹ The figures in **BOLD FACE** signify imports liberalized or with minor restrictions on January 1, 1961. The figures in light face signify imports encountering significant restrictions to trade on January 1, 1961.

* Signifies less than \$10,000.

--- Signifies none.

increasing, U. S. production has been decreasing over the years. In 1959 U. S. production, though below average, was well above the very short 1958 pack. In 1960, U. S. production recovered further. As a result, U. S. prices have dropped nearly 50 percent from their phenomenally high levels of 1958-59 when U. S. dried apricots were far more expensive than foreign apricots. On the other hand, Iranian prices for 1960-crop apricots are up sharply in consequence of a short 1960 pack in Iran and the gap between California and Iranian prices is the narrowest in some years.

Outlook.--Since foreign raisin production in 1960-61 is not only sharply lower than in 1959-60 but also below average, U. S. raisins are receiving strong foreign demand at rising prices. This, combined with the generous 1960-61 supplies of California raisins, may result in the best export season for U. S. raisins since 1955-56. U. S. prune exports in 1960-61 may total slightly less in volume but about the same in value compared with 1959-60. With a small 1960 prune crop and unusually high domestic prices in prospect for 1960-61, the United States is not in a position to fully exploit the favorable 1960-61 export opportunities resulting from reduced competing production. U. S. dried apricot exports in 1960-61 may be greater than in recent years due to the improved competitive position of California apricots this marketing year.

Tree Nuts

In 1959-60 world production of almonds was record large, of filberts somewhat above average, and of walnuts somewhat below average.

Almond crops in 1959-60 were large the world over, California's pack was the largest recorded, and the Mediterranean pack almost a record. Internationally, prices for shelled almonds opened 20 cents per pound lower than in 1958-59. These prices (approximately 38-39 cents per pound, f.o.b., Mediterranean port) prevailed for most of the 1959-60 season except for minor fluctuations. There was some strengthening toward the end of the season when it became definite that the 1960 Mediterranean crop would be a short one. World trade in almonds was extraordinarily heavy in 1959-60, probably the heaviest in history. The United States was very active too in the export business, shipping out nearly 10,000 short tons, shelled basis, an all-time high for U. S. almond exports. Conversely, U. S. almond imports were exceptionally small in consequence of the large domestic supplies.

Walnut crops, on the other hand, were below average, both in the United States and abroad in 1959, and much smaller than the bumper 1958 crops. 1959-60 prices rose in response to the smaller crops and were well above the 1958-59 levels, particularly for some foreign growths. International trade in walnuts was at a depressed level in 1959-60 due to the limited availabilities and high prices. French exports, in particular (normally the most important) were greatly reduced. U. S. imports of kernels were the largest in 4 years but nevertheless below average. U. S. exports of unshelled walnuts were exceptionally small.

In 1959-60 world supplies of filberts were large for the second successive season. Production was above average in all four producing areas--Turkey, Italy, Spain, and the United States (in order of importance). Turkish filberts, which dominate international trade, opened at low prices, subsequent to devaluation of the Turkish currency in August 1959, but were traded most of the season at substantially higher prices. International trade in filberts was exceptionally heavy. U. S. imports of shelled filberts were slightly greater than usual though smaller than in 1958-59 when U. S. supplies were less abundant.

Outlook.--World supplies--in the exporting countries--in 1960-61 are much smaller than in the previous season for almonds and filberts but larger than last season for walnuts.

The 1960 California almond pack, though considerably smaller than the record 1959 pack, was above average; and the carryin of old-crop almonds was also larger than usual.

TABLE 14.--Almonds, filberts, and walnuts: Production in the United States and Mediterranean countries, on a shelled basis, 1953-60

Commodity and crop year	United States	Mediterranean ¹	Total
Almonds:	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>
1953.....	19.6	84.9	104.5
1954.....	22.2	72.7	94.9
1955.....	19.2	45.7	64.9
1956.....	30.0	40.2	70.2
1957.....	18.0	102.8	120.8
1958.....	9.6	56.7	66.3
1959.....	42.2	102.9	145.1
1960.....	27.0	59.0	86.0
Filberts:			
1953.....	2.0	50.0	52.0
1954.....	3.4	74.8	78.2
1955.....	3.1	53.6	56.7
1956.....	1.2	87.3	88.5
1957.....	5.0	65.0	70.0
1958.....	3.0	73.4	76.4
1959.....	4.0	74.5	78.5
1960.....	3.3	57.3	60.6
Walnuts:			
1953.....	23.1	27.9	51.0
1954.....	29.4	29.3	58.7
1955.....	30.2	37.8	68.0
1956.....	28.0	34.5	62.5
1957.....	26.0	20.2	46.2
1958.....	34.6	34.0	68.6
1959.....	24.4	25.2	49.6
1960.....	28.1	30.0	58.1

¹ Almonds: Iran, Italy, Morocco, Portugal, and Spain. Filberts: Italy, Spain, and Turkey. Walnuts: France, Italy, Iran, Turkey, and Yugoslavia; India also included in Mediterranean total.

Though the Mediterranean countries' production in 1960 was also down considerably, supplies there are about average. U. S. exports in 1960-61 will be smaller than in 1959-60 but, nevertheless, substantial; U. S. imports should again be modest.

The 1960 walnut pack was substantially larger than that of the preceding year in the United States and in the main foreign production areas. However, the U. S. supply is smaller than last season due to a greatly reduced beginning inventory. Hence, U. S. prices are higher and foreign prices are generally materially lower than a year ago. International trade in walnuts will be more active this season. Also, the prospects are that a larger-than-average volume of walnut kernels will be imported into the United States in 1960-61 and that exports from the United States will again be negligible.

Turkish 1960 filbert production was down sharply from 1959 and well below average. Thus, despite above-average crops in Italy, Spain, and the United States, the 1960 world pack was below normal. Turkish stocks at the beginning of the 1960 season were also modest compared with October 1959, which further accentuates the tightness of 1960-61 supplies. World trade in filberts in 1960-61 will be much lighter than normally, possibly less than two-thirds of the 142,000 tons (unshelled basis) that moved in international channels in 1959-60. U. S. imports should be down from last season's level due to the relatively abundant U. S. supply and high prices of foreign filberts.

Vegetables

Canada continues to be the largest export market for U. S. vegetables. More than three-fourths of the fresh vegetables, and over one-half of the potatoes, but only one-third of the canned vegetables are exported to Canada. In 1959, exports of fresh vegetables to Canada were down slightly because of the severe winter damage to tender vegetables in Florida and Texas. Exports to Cuba increased slightly because of the larger volume of onions shipped to that market. More potatoes were exported to Canada because of a short crop there.

Several European countries have either completely or partially liberalized imports of fresh and processed vegetables.

Export prospects for the 1960-61 season to Canada and Europe appear good and total exports should be slightly larger than last season. Crop prospects in the winter vegetable areas are good, and supplies may be larger than those of the past two seasons. Exports to Cuba are expected to be at a very low level, as all imports are now controlled by a government trading agency, which purchases vegetables from other countries where possible. Venezuela is restricting imports because of balance-of-payments problems. Canada has a large potato crop, and U. S. potato exports to that country will be lower this season than last.

Mexico surpassed Canada last season as a supplier of vegetables to the U. S. market because of larger exports of tomatoes and melons. Imports of tomatoes and cucumbers were heavy from Cuba last season.

The outlook for 1960-61 will depend to a large extent on market prices in the United States. If U. S. winter vegetable supplies continue to be good, imports probably will be slightly below those of last year. The Mexicans are planting large crops of winter

TABLE 15.--Vegetables: U. S. exports, by destination, average 1957-59

Commodity	Total	Canada	Cuba	Venezuela	Other
	<i>Mil. lb.</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>
Potatoes.....	289.5	60.4	21.5	6.3	11.8
Vegetables, fresh.....	763.6	83.5	8.8	---	7.7
Vegetables, canned.....	200.2	32.5	14.3	4.2	49.0
Total.....	1,253.3	70.0	12.6	2.2	15.2

TABLE 16.--Vegetables, fresh: U. S. imports, by origin, average 1957-59

Commodity	Total	Canada	Chile	Cuba	Mexico	Other
	<i>Mil. lb.</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>
Potatoes.....	171.5	100.0	---	---	---	---
Tomatoes.....	215.5	.3	---	11.3	87.7	0.7
Melons.....	106.9	---	8.1	.5	87.3	4.1
Other.....	286.9	44.5	5.8	16.3	22.4	11.0
Total, excl. potatoes....	609.3	21.1	4.1	11.8	56.9	6.1
Grand total.....	780.8	38.4	3.2	9.2	44.4	4.8

vegetables and, if weather conditions are average, there will be large volumes of these vegetables available for export. Cuba's ability to produce and export is not known.

FACTORS AFFECTING MARKETING OUTLOOK

The availability of supplies usually is one of the most dominant factors affecting world trade in fruit and vegetable commodities. Favorable and unfavorable growing conditions in any season can affect supplies sufficiently to change levels of prices and normal trade patterns rather sharply.

For example, during the current season, deciduous fruit crops in Europe are large, while those in North America are somewhat below the previous year's. Some U. S. citrus fruit supplies are again short of requirements this season. U. S. availability of supplies and levels of prices have not been conducive to large exports during recent seasons.

From the demand side, consumer incomes abroad are the most important factor. Western European economies have been growing rapidly, and levels of consumer incomes and demand for fruits have been exceptionally favorable. The external financial position of practically all Western European countries which are markets for U. S. fruits and vegetables is extremely good at the present time.

Canada is by far the United States' best customer for fruit and vegetable commodities. The value of fruit exports to Canada is almost as large as that of fruit exports to all of the Western European countries, while the value of U. S. vegetable exports to Canada is twice as great as that to all other markets combined. The proximity of Canada and the good commercial relationships provide an important element of stability in U. S. fruit and vegetable exports.

Exports of fruit items to offshore markets, while generally governed by the principal factors affecting supply and purchasing power, have been inhibited greatly by import and exchange controls established by the major Western European importing countries. After the war, and until fairly recently, the Western European countries were encouraged to improve their external financial position because of their shortage of exchange by restricting imports of goods which were not needed. Fruit and vegetable items were considered to be luxuries, and practically all Western European countries prohibited or restricted imports of fruit, and at the same time encouraged expansion of orchards and groves at home.

As these countries have improved their financial position spectacularly within the last 2 or 3 years, many of their restrictions on imports of U. S. fruits have been removed. Those remaining, however, are controls which, while they may have been imposed initially to protect the balance of payments, have grown to be devices to protect producers at home or in associated areas.

Within the past year, efforts of the U. S. Government to persuade foreign countries to eliminate these controls have been redoubled. At the same time, the resistance on the part of foreign countries toward removing these controls has increased, the rationalization becoming clearly one of protection rather than justification because of financial difficulties.

The table on pages 12 and 13 provides an indication of the importance of the export markets for U. S. fruit and nuts in the respective countries, based on the average value of exports during 1957-59. It also segregates these markets, for the commodities shown, into those which are liberalized or had minor import restrictions and those which had significant restrictions to trade at the start of 1961. Canada and Western Europe, which received 40 and 36 percent, respectively, of the value of these exports, are the large U. S. export outlets. The table illustrates roughly the application of trade barriers

discussed elsewhere in this report. It also shows that progress in trade liberalization has been greatest for trade in dried fruits and nuts and fresh citrus fruits.

There have been some increases in ocean freight rates, which have adversely affected exports of U. S. fruit and vegetable items.

Competitive fruit commodities exported from foreign countries often are sold through centralized marketing boards. This practice is followed by many of the British Commonwealth countries. Usually these boards are quasi-governmental in nature, and provide uniform policies of pricing, allocation, merchandising, and standardization of containers and quality. In the case of the United Kingdom, Commonwealth commodities enjoy free access and usually preferential tariff treatment.

At times, export aids are given by a number of competing supplying countries. These take the form of export subsidies, retained export earnings, preferential export freight rates, and tax benefits. These devices have not been used as much in 1960-61 as in prior seasons, as world prices for fruits generally have been relatively favorable this season.

Bilateral arrangements, such as those between Iran and Japan, Finland and Turkey, continue to distort international trade. These, however, have tended to disappear as the external financial positions of foreign countries have improved.

The emergence of new food health regulations in Western European countries and the growth of the Common Market--both of which are discussed later in this report--are expected to affect exports of U. S. fruits and vegetables to these markets.

DEVELOPMENTS IN BUILDING WORLD MARKETS

Lessening Trade Barriers

Progress in obtaining relaxation of foreign barriers to trade in U. S. fruit and vegetable items during the past year must be characterized as limited and disappointing. This past year was one in which the financial conditions of most important foreign fruit market countries were extremely favorable (thereby no longer warranting quantitative restrictions on trade), and efforts on the part of U. S. exporting industries and government representatives to persuade foreign governments to relax controls were greater than before. Also, the loss of dollar exchange added impetus to such representations by the U. S. Government. Yet, for the most part, no appreciable progress was achieved.

Admittedly, the problems of freedom from controls were narrowing to the more difficult ones--those which were most sensitive to foreign governments. These are, first, the controls established by all Western European market countries to protect their deciduous fruit growers. Usually they prohibit imports until local supplies are largely sold. Only the Netherlands has liberalized imports of fresh apples and pears. Second, the major European markets for canned deciduous fruits--West Germany and the United Kingdom--continue to establish quotas for imports of these items. These limitations, again, are to protect local or affiliated canning interests. A third major problem is the prohibition of imports--from the dollar area only--of winter grapefruit and sharp limitations on imports of processed orange and grapefruit items into the United Kingdom. These limitations are to protect the B.W.I. citrus industry. There are many other problems, but these are the most difficult ones remaining in Western Europe.

For the most part, the remaining quantitative restrictions to trade in Western Europe have been reduced or eliminated. France and Italy, however, have thus far been extremely reluctant to reduce controls. And in Japan, continuing efforts are being carried on to achieve a relaxation in barriers.

. TABLE 17.--Fresh apples and pears: Earliest entry dates for U.S. fruits in European markets in the past 5 years

Country	Marketing season ¹									
	Apples					Pears				
	1956	1957	1958	1959	1960	1956	1957	1958	1959	1960
Austria.....	---	9/1	---	---	---	---	9/1	---	---	---
Belgium.....	3/16	1/13	3/16	11/13	---	2/16	11/15	2/16	---	---
France.....	---	---	---	2/15	---	---	---	---	11/5	---
Germany, West.....	---	9/1	4/21	10/27	---	---	9/1	1/30	10/27	---
Ireland.....	---	4/1	3/1	---	---	(²)	(²)	(²)	(²)	(²)
Nether- lands.....	3/16	9/1	3/16 [*]	11/3	(³)	2/16	9/1	2/16	11/3	(³)
Norway.....	---	1/15	4/1	---	---	---	12/1	2/1	1/16	---
Sweden.....	2/1	12/9	2/11	12/21	---	11/24	10/11	11/17	10/12	11/21
Switzer- land.....	---	9/1	6/12	10/12	---	---	---	---	10/3	---
United Kingdom ⁴	11/16	11/16	10/1	7/1	7/1	---	11/16	10/1	7/1	7/1

¹ Beginning July 1.

² Ireland has no seasonal restrictions on pears.

³ The Netherlands liberalized imports of fresh apples and pears.

⁴ The U.K. authorizes imports of fresh apples and pears under Northern Hemisphere quotas.

Even though many controls have been removed during the past 3 seasons, it is estimated that those remaining in effect prevent the development of around \$100 million worth of export trade of U. S. horticultural products.

The General Agreement on Tariffs and Trade establishes the rules under which the foreign trade of the United States, and the other 37 members of the GATT, is carried on. The GATT consists of a schedule of tariff concessions and of a set of rules to protect these concessions from impairment or nullification and to provide general rules for the conduct of trade. In general, it requires the elimination of quantitative restrictions and discrimination, unless these are needed to safeguard a country's balance of payments. Some waivers to the rules have been obtained, however, by a number of countries--including the United States--to protect agricultural programs.

Representations to foreign governments to eliminate the quantitative restrictions inhibiting U. S. fruit and vegetable exports are made with reference to the terms of the GATT. These are made at foreign capitals and in the various forums which exist within the GATT for this purpose. The problem of agricultural protection is an important one for the GATT, and a Committee II is established to study and report on this problem. Often, application of the GATT rules by member countries leaves much to be desired.

Under these general conditions, efforts to persuade foreign governments to reduce quantitative restrictions have thus far been confined largely to urging them to live up to their obligations and requesting them to remove discriminatory regulations, as well as endeavoring to persuade them of the benefits of increased trade. Tariff concessions received by the United States in previous negotiations often have been impaired or nullified by these restrictions.

Reflection upon the frustrations of the past year leads to two general observations. The first is that the maintenance of quantitative restrictions on fruits over a period of years has built vested interests in foreign countries which resist vigorously the reduction or removal of these restrictions. Both growers and traders have accommodated their activities to these restrictions. The larger, well-established traders participate favorably in quotas; and only smaller or newer traders desire changes. Hence, there tends to be relatively little opposition on the part of the trade in foreign countries to continuation of restrictions. The second is that the efforts which have been made to persuade foreign countries to relax restrictions simply have not obtained the desired objectives.

The GATT members have been participating in a tariff negotiation that began September 1, 1960. The first stage of that conference has been devoted to negotiations by the contracting parties with the members of the EEC (European Economic Community), to arrive at agreement on the Common Market external tariff levels for the various commodities. At the same time renegotiations on some tariffs are being conducted with those countries that have withdrawn some tariff concessions previously made. When these two tasks are completed, a new round of tariff reductions among member countries is scheduled.

Sales for Foreign Currencies

Small quantities of fruits were sold during the 1959-60 marketing year for foreign currencies under Title I of Public Law 480. These sales included fresh lemons and lemon juice to Finland, Iceland, and Yugoslavia; raisins and canned fruit to Finland and Iceland; and fresh apples to Iceland. Total sales of these fruit items under P.L. 480 amounted to \$1 million.

Almost all exports of fruits and vegetables are sold for dollars. The share of exports of fruits sold for foreign currencies has been negligible when compared with the share of exports of other U. S. agricultural commodities sold under government-financed programs.

Promotional Activities

The export market for U. S. fruits has been a traditional one, and individual exporters and various segments of the U. S. industry have had long experience in developing and maintaining foreign outlets. Several individual promotional and merchandising activities are carried by firms or organizations through their agents or representatives abroad. Promotional activities by the FAS with foreign currencies generated by sales

TABLE 18.--Selected fruits and all agricultural commodities: Distribution of value of U.S. exports under specified government-financed programs¹

Commodity	Percent of total exports in fiscal year--				
	1956	1957	1958	1959	1960
Dried fruits.....	20	23	12	(²)	(²)
Fruit & juices, fresh, frozen and canned.....	8	6	2	(²)	(²)
All agricultural commodities.....	41	42	31	31	29

¹ Public Law 480, Titles I, II and III, and P. L. 665, Section 402 and economic aid.

² Less than 1 percent.

under the P.L. 480 program have supplemented these industry activities, and have expanded during this past year.

The Florida Citrus Commission in cooperation with FAS carried out extensive programs promoting fresh and processed orange and grapefruit products in France, West Germany, the Netherlands, and the Scandinavian countries. These programs were based on the project for grapefruit in West Germany the previous year and on surveys of the individual markets.

Dried prune promotion was continued on the same basis as in 1958-59 but expanded to cover additional countries.

A five-man trade mission was sent to continental Europe and Scandinavian countries and the United Kingdom to work with attaches and trade and foreign government contacts toward liberalization of fresh apples and pears.

Surveys to guide future market development activities were made for red cherries and initiated for cranberries.

A project has been initiated to survey the potential market for orange juice in the United Kingdom, and activities are now starting.

Several projects were established to provide work on the growing problem of food additives and residues in European countries. In the summer of 1960 a survey of European regulations on chemicals in

fruits was carried out in cooperation with the University of California. Two French scientists were brought to the United States to study biphenyl on citrus fruits. Some laboratory work in West Germany was carried out in cooperation with the U. S. citrus industry. A project was initiated in cooperation with the Agricultural Research Service to assist U. S. exporters in their endeavors to seek food health regulations abroad similar to those established in the United States. One project relates to the acceptance of sulfur-dioxide-treated dried fruits in Japan, and work will be carried out in the near future.

Display of U.S. fresh fruits and vegetables at the Cologne Trade Fair. Such fairs are important means of advertising quality and variety of U.S. products.

An FAS project to produce sets of color slides showing all aspects of U. S. fruit producing, packing, and marketing for use in promotional activities has been completed. This work will be accomplished during the 1960-61 period.

A project was initiated with the Agricultural Marketing Service to inspect fresh and processed fruits from the United States and competing countries on the U. K. market. This survey should prove helpful to U. S. exporters in providing an objective measurement of the quality of fruits from all sources on that market.

Work has been initiated to establish projects for promotional activities in other segments of the fruit industry and these programs will be started during the coming season.

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Major exhibits covering a full line of fresh and processed fruits were shown at the International Trade Fairs in London, England, from September 1 through September 17, and in Munich, Germany, from September 23 through October 2.

Special Problems

The development of the European Economic Community, or the Common Market, promises to confront U. S. fruit exporters with several special problems during the next few years.

Among the common external tariffs being negotiated under the GATT, those proposed for horticultural products are, by and large, approximately at the average levels of existing duties in the individual countries of Germany, France, Italy, and the Benelux countries--with the exception of those proposed for dried prunes and for citrus juices. The proposed tariffs for these two items are sharply above average tariffs in the individual countries. Unless these, along with some other proposed EEC external tariffs, are reduced to more acceptable levels, special trade problems will be encountered in the future.

Even if tariffs are negotiated to levels where the common external tariffs are no higher than the base period averages, the EEC will provide great advantages to fruit producers within the Common Market. The present proposals, advanced by the EEC Commission in June 1960, call for the common external tariffs to be reached by January 1, 1967; and tariffs on trade between the Common Market countries gradually to be reduced to zero by January 1, 1967. Fruit producers in the EEC will have duty-free access to the markets. This will provide tremendous new advantages to the citrus and deciduous fruit producers in Italy. Moreover, if Greece and Turkey join the EEC, fruit and nut producers in those countries will share these advantages.

The proposals for agricultural policy by the EEC Commission relating to fruits and vegetables are of considerable interest. They indicate a determination to endeavor to regulate trade within the EEC in order to improve and maintain prices. The regulation of quality of fruits and vegetables is a major factor in the policy. Standards are to be established for packaging and grading fruit and vegetable items. The plan is to maintain prices by allowing only items meeting the minimum requirements of grading and packaging to be sold in commercial channels. Imports of fruits and vegetables from outside countries are to be subjected to regulations similar to those to be applied internally. Assurances have been given that comparable, rather than identical, standards will be applied to imported items; but the development of standards will bear careful watching.

The EEC policy proposals contain reference to plans to remove temporary surpluses, or to limit sales of horticultural products if prices become unduly low. And they indicate that the EEC reserves the right to apply import restrictions where limitations are placed on sales within the Community. This is another area where vigilance will be required to be assured that import restrictions will not be imposed except where the Community restrictions that would justify import regulation are truly of the type envisaged by the pertinent articles of GATT.

Although the EEC contemplates incorporating agricultural commodities in its scheduled integration, the "Outer Seven" countries of Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom have ratified the formation of a free trade area, but are excluding agricultural products from the provisions of these arrangements.

Other countries have signed to form economic integrated units, such as the Latin American Free Trade Area, comprising Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay, and the Central American Free Trade Area, made up of El Salvador, Guatemala, Honduras, and Nicaragua. It is possible that Costa Rica and Panama will join this latter group.

The increased emphasis on the development of regulations in foreign countries governing the use of chemicals on fruits has led to several problems affecting U.S. fruit exporters. There has been increasing concern in many countries about the effects of chemical residues on public health. This has led to the modification of existing food regulations in several countries and the development of new regulations in others.

This problem is further complicated by disagreements among scientists and also by indications that some food health regulations are being used as economic barriers. The use of chemical additives on fruits tends to be greater in areas where shipments to market must be made over long distances. Producing areas located near market centers are not confronted with such difficult problems in maintaining quality in transit.

Activities are progressing in interpreting foreign food health regulations, and in representing to foreign governments the U. S. regulations in this field. During this past year these problems were encountered in West Germany, Sweden, Switzerland, France, Japan, and the United Kingdom. It is anticipated that the EEC will endeavor to provide uniform food health regulations for the Common Market countries.

As competition for world markets becomes keener and as trade barriers become less restrictive, there appears to be a greater disposition on the part of world suppliers to meet and discuss mutual problems. A citrus study group, established under the auspices of the Food and Agriculture Organization, held its first meeting in Madrid in May 1960. In the fall, Mexican and U. S. Gulf Coast vegetable producers met. Consideration was given to a meeting of U. S. and Australian raisin producers. And continuing meetings of U. S. and Canadian producers of apples, grapes, and potatoes have been held. Also, citrus producers in Florida and the British West Indies have discussed their mutual problems in the U. K. market. As international trade grows, world exporters are recognizing that there are many problems of mutual interest which may possibly be best approached by consultation and possibly by coordinated activities.

Continued and increased attention is being directed toward merchandising and promotion activities by important foreign competitors of U. S. fruit exporters. New promotion programs have been developed by the Spanish citrus industry, and increased activities have been undertaken by exporting industries in Israel, Australia, and South Africa.

COMPETITION STUDIES

Competition studies which have been published since the report "Prospects for Foreign Trade in Fruits, Vegetables, and Tree Nuts" was issued December 1959, are listed below:

The Greek Raisin Industry. FAS-M-75, December 1959. A 27-page report describing the expanding competitive production in this major producing area and evaluating its potential.

Winter Vegetables in Mexico. FFV 2-60, July 1960. This 9-page circular brings up-to-date FAS-M-3 of November 1958, describing the competitive position of Mexican winter vegetable industry and assessing its outlook.

The Dried Prune Industry of Australia. FAS-M-97, October 1960. A 12-page report on the production, processing, and marketing of Australian prunes.

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